



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Assistant Secretary for Administration and Management
Washington, D.C. 20201

APR 1 2005

Memorandum

To: OPDIV/STAFFDIV Heads
Inspector General

Subject: Recertification of HHS Senior Executive Service (SES) Performance System and
FY 2005 SES Performance Plans

Due Dates: April 13, 2005 – OPDIV/STAFFDIV Head and Inspector General contracts
May 20, 2005 – Certification that all SES plans are complete

On March 24, 2005, HHS received notification from the Office of Personnel Management (OPM) that our SES performance system was provisionally certified for CY 2005. This permits HHS to set SES basic pay for our highest performing executives up to the rate for Executive Level II (\$162,100) and establishes the aggregate pay limitation at \$208,100. OPM and the Office of Management and Budget (OMB) based their decision to recommend recertification on a review of 2004 performance ratings, bonuses and performance increase data. Performance plans and appraisals were not reviewed.

For CY 2006 HHS will be eligible to seek full certification and OPM has indicated that they will be conducting a very thorough review of agency systems including: ratings, pay adjustments, performance plans and appraisals before granting certification. Adherence to the OPM/OMB certification criteria is critical to ensuring that our performance system continues to improve and meets the requirements for certification.

A few weeks ago a panel of SES members met to review the SES performance contracts you submitted to ASAM. The panel reviewed the OPDIV Head contracts and determined that the plans, taken as a whole, adequately covered the 10x10 management and program objectives, cascaded properly and included demonstrable and measurable performance requirements. However, the panel identified some weaknesses in the plans.

Following are the panel's observations and general recommendations for improving the plans:

- Some performance requirements refer to the OPDIVs overall requirements and do not specify the individual executive's specific accountability for achieving a particular target. While OPDIV Heads have overall responsibility for the OPDIV meeting a requirement, individual SES members performance plans should only include the portion of the requirement for which they are responsible.
- The requirement to achieve a 10% increase in program performance over the next 3 years under Results-Oriented Management was not tailored to the organization or the executive. Where applicable, OPDIV Head contracts should be modified to include strategies or plans

for achieving the 10% increase including key milestones and targets across the OPDIV and SES members should customize the requirement to their area of responsibility.

- The mandatory ethics requirements for managers and DEC's were missing from some plans. Most executives should include at least one of the mandatory requirements. DEC's should include the mandatory requirement in the Program Objectives section of the plan and managers/supervisors should include their ethics requirement under Management Objectives.
- Some individuals modified the forms, changing the numbering and deleting the rating boxes. The format should not be modified and the numbering should correspond with the 10x10.

Specific feedback and recommendations on improving the plans submitted by your organization are attached.

You should cascade your OPDIV Head's plan to all SES positions within your organization to establish performance plans for the October 1, 2004 – September 30, 2005 rating cycle. When finalizing these performance plans, please apply the panel recommendations as well as any recommendations you may have received based on OPM's initial review of FY 2004 performance plans.

OPDIV/STAFFDIV Heads and the Inspector General need to return their signed plans with appropriate modifications for signature by the Chief of Staff. These plans should be submitted not later than April 13, 2005 to:

HHS – Office of Human Resources (OHR)
Attn: Andrea Burckman
200 Independence Avenue SW, Room 300E
Washington, DC 20201

By May 20, 2005, all OPDIV/STAFFDIV Heads need to certify to OHR that the FY 2005 performance plans have been established for all SES members in their respective organizations. Certification may be sent via email to Robert.Hosenfeld@hhs.gov. Questions regarding this memo or development of SES performance plans or may be directed to your servicing HR Center or Andrea Burckman at 202-690-6528.


Ed Sontag

Attachment
cc: Executive Officers